

UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**STATUS REPORT OF THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD  
FOR PUERTO RICO IN CONNECTION WITH COURT'S ORDER CONCERNING  
PROOFS OF CLAIM NOS. 11497 AND 11790 [ECF NO. 20171]**

---

<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17- BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the sole Title III representative of the Puerto Rico Electric Power Authority (“PREPA” or the “Debtor”) pursuant to section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),<sup>1</sup> in compliance with the Court’s *Order Concerning Proofs of Claim Nos. 11497 and 11790* [ECF No. 20171] (the “Order”), respectfully submits this status report (this “Status Report”) and requests entry of an order, substantially in the form attached hereto as Exhibit A (the “Proposed Order”), granting permission to file a further status report. In support thereof, PREPA represents as follows:

### **STATUS REPORT**

1. Pursuant to the *Order (A) Authorizing Alternative Dispute Resolution Procedures, (B) Approving Additional Forms of Notice, and (C) Granting Related Relief* [ECF No. 12576] (the “ADR Order”), PREPA transferred Proofs of Claim Nos. 11497 and 11790 (the “Claims”) into the ADR Procedures<sup>2</sup> through the *Fifteenth Notice of Transfer of Claims to Alternative Dispute Resolution* [ECF No. 17832], filed on August 13, 2021. Thereafter, PREPA served upon the claimants associated with the Claims (the “Claimants”) ADR Notices containing confidential offers of settlement (the “Offers”). The ADR Notices permitted Claimants to designate whether Claimants accepted the Offers, rejected the Offers or submitted counteroffers. On February 4, 2021, Claimants returned the ADR Notices indicating claimants rejected the Offers (the “Rejections”).

---

<sup>1</sup> PROMESA is codified at 48 U.S.C. §§ 2101–2241.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the ADR Order.

2. Pursuant to paragraph 2(f) of the ADR Procedures, PREPA filed a *Notice of Impasse Regarding Proofs of Claim Nos. 11497 and 11790* on February 14, 2022 [ECF No. 20128] (the “Notice of Impasse”). However, in the Notice of Impasse, PREPA noted that since receiving the Rejections, counsel for PREPA has communicated with counsel for Claimants to determine whether the parties may be able to resolve the Claims without the need for Evaluative Mediation. Accordingly, in order to provide additional time to pursue these discussions prior to engaging in Evaluative Mediation, PREPA requested permission to file a status report within fourteen (14) days of filing of the Notice of Impasse, on or before Monday, February 28, 2022, notifying the Court of the status of the parties’ discussions and whether the parties have reached an impasse that requires Evaluative Mediation. On February 18, 2022, the Court issued the Order granting PREPA’s request and directing the Oversight Board file a status report “addressing the status of the parties’ discussions regarding Proofs of Claim Nos. 11497 and 11790, including whether Evaluative Mediation should proceed as set forth in the ADR Procedures.” Order, at 2-3.

3. Since the filing of the Notice of Impasse and entry of the Order, counsel for PREPA and counsel for Claimants have engaged in additional discussions and continue to make progress toward concluding the ADR offer and exchange process; however, those discussions have not yet concluded. Accordingly, PREPA believes that additional time would benefit all parties so that discussions may continue.

4. PREPA therefore requests entry of the Proposed Order granting permission to file a further status report within fourteen (14) days, on or before March 14, 2022, notifying the Court of the status of the parties’ continued discussions and whether the parties have reached an impasse that requires Evaluative Mediation.

Dated: February 28, 2022  
San Juan, Puerto Rico

Respectfully submitted,

/s/ Ehud Barak  
Martin J. Bienenstock  
Ehud Barak  
Paul P. Possinger  
(Admission *Pro Hac Vice*)  
**PROSKAUER ROSE LLP**  
Eleven Times Square  
New York, NY 10036  
Tel: (212) 969-3000  
Fax: (212) 969-2900

/s/ Hermann D. Bauer

Hermann D. Bauer  
USDC No. 215205  
Carla García-Benítez  
USDC No. 203708  
Gabriel A. Miranda  
USDC No. 306704  
**O'NEILL & BORGES LLC**  
250 Muñoz Rivera Ave., Suite 800  
San Juan, PR 00918-1813  
Tel: (787) 764-8181  
Fax: (787) 753-8944

*Attorneys for the Financial Oversight and Management Board for Puerto Rico as representative for the Puerto Rico Electric Power Authority*

**Exhibit A**

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et  
al.*,

Debtors.<sup>4</sup>

PROMESA  
Title III  
No. 17 BK 3283-LTS  
(Jointly Administered)

[PROPOSED] ORDER CONCERNING  
PROOFS OF CLAIM NOS. 11497 AND 11790 [ECF NO. 20128]

1. Pursuant to the *Order (A) Authorizing Alternative Dispute Resolution Procedures, (B) Approving Additional Forms of Notice, and (C) Granting Related Relief* [ECF No. 12576] (the “ADR Order”), PREPA transferred Proofs of Claim Nos. 11497 and 11790 (the “Claims”) into the ADR Procedures<sup>5</sup> through the *Fifteenth Notice of Transfer of Claims to Alternative Dispute Resolution* [ECF No. 17832], filed on August 13, 2021. Thereafter, PREPA served upon the claimants associated with the Claims (the “Claimants”) ADR Notices containing confidential

<sup>4</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283- LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17- BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

<sup>5</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the ADR Order.

offers of settlement (the “Offers”). The ADR Notices permitted Claimants to designate whether Claimants accepted the Offers, rejected the Offers or submitted counteroffers. On February 4, 2021, Claimants returned the ADR Notices indicating claimants rejected the Offers (the “Rejections”).

2. Pursuant to paragraph 2(f) of the ADR Procedures, PREPA filed a *Notice of Impasse Regarding Proofs of Claim Nos. 11497 and 11790* on February 14, 2022 [ECF No. 20128] (the “Notice of Impasse”). However, in the Notice of Impasse, PREPA noted that since receiving the Rejections, counsel for PREPA has communicated with counsel for Claimants to determine whether the parties may be able to resolve the Claims without the need for Evaluative Mediation. Further, PREPA represented that the parties would benefit from additional time to pursue these discussions prior to engaging in Evaluative Mediation, and requested permission to file a status report within fourteen (14) days of the filing of the Notice of Impasse, on or before Monday, February 28, 2022, notifying the Court of the status of the parties’ discussions and whether the parties have reached an impasse that requires Evaluative Mediation.

3. The Court entered the *Order Concerning Proofs of Claim Nos. 11497 and 11790* (Dkt. No. 20128) [ECF No. 20171], ordering PREPA to file a status report addressing the status of the parties’ discussions regarding the Claims, including whether Evaluative Mediation should proceed as set forth in the ADR Procedures.

4. On February 28, 2022, PREPA filed the *Status Report of the Financial Oversight and Management Board for Puerto Rico in Connection with Court’s Order Concerning Proofs of Claim Nos. 11497 and 11790* [ECF No. 20171] (Dkt. No. \_\_\_\_) (the “Status Report”) representing that counsel for PREPA and counsel for Claimants have engaged in additional discussions and continue to make progress toward concluding the ADR offer and exchange process; however,

those discussions have not yet concluded. In the status report, PREPA therefore requests entry of an order granting permission to file a further status report within fourteen (14) days, on or before March 14, 2022, notifying the Court of the status of the parties' continued discussions and whether the parties have reached an impasse that requires Evaluative Mediation.

5. Accordingly, the Court having reviewed the Status Report and the Debtors' representations therein, and finding good cause for the relief requested, it is hereby:

ORDERED that the Debtors shall file a status report on or before March 14, 2022 addressing the status of the parties' discussions regarding Proofs of Claim Nos. 11497 and 11790, including whether Evaluative Mediation should proceed as set forth in the ADR Procedures.

SO ORDERED.

Dated: \_\_\_\_\_

---

Honorable Judith Gail Dein  
United States District Judge